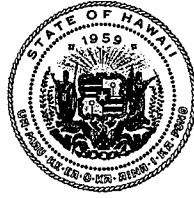


DAVID Y. IGE  
GOVERNOR

SHAN S. TSUTSUI  
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA  
DIRECTOR

LEONARD HOSHIJO  
DEPUTY DIRECTOR

**DEPT. COMM. NO. 76**

STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
830 PUNCHBOWL STREET, ROOM 321  
HONOLULU, HAWAII 96813  
[www.labor.hawaii.gov](http://www.labor.hawaii.gov)  
Phone: (808) 586-8844 / Fax: (808) 586-9099  
Email: [dlir.director@hawaii.gov](mailto:dlir.director@hawaii.gov)

December 8, 2017

The Honorable Ronald D Kouchi,  
President and Members of the Senate  
Twenty Ninth State Legislature  
State Capitol, Room 409  
Honolulu, HI 96813

The Honorable Scott K. Saiki, Speaker  
and Members of the House of  
Representatives  
Twenty Ninth State Legislature  
State Capitol, Room 431  
Honolulu, HI 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

For your information and consideration, I am transmitting two (2) copies of the Department of Labor and Industrial Relations (DLIR) Unemployment Insurance Worker Misclassification Prevention and Detection Report for the fiscal year ending June 30, 2017, as required by section 37-47, Hawaii Revised Statutes (HRS).

In accordance with section 93-16, HRS, I am also informing you that the report may be viewed electronically at <http://labor.hawaii.gov/find-a-report/>.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Chu Takayama", with a stylized flourish at the end.

Linda Chu Takayama  
Director

Enclosures

**Report on Non-General Fund Information**  
for Submittal to the 2018 Legislature

Department: Labor and Industrial Relations  
 Prog ID(s): LBR 171 / LA  
 Name of Fund: UI Worker Misclassification Prevention & Detection  
 Legal Authority: Social Security Act, As Amended

Contact Name: Nora Iba  
 Phone: 586-9970  
 Fund type (MOF) N  
 Appropriation Acct. No. S-503-L

**Intended Purpose:** To enable Hawaii UI to better meet USDOL requirements for misclassification detection and increase our enforcement activities for worker misclassification.

**Source of Revenues:** CFDA 17.225

**Current Program Activities/Allowable Expenses:** To implement a new UI Tax Field Audit Application to improve the efficiency of the audit performance and reduce audit processing time. The application will enhance the audit selection process by identifying employers and directing audits towards employers most likely to have misclassified workers or underreported wages.

**Purpose of Proposed Ceiling Adjustment (if applicable):**

**Variances:**

Financial Data							
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)
Appropriation Ceiling			500,000	500,000	500,000	500,000	
Beginning Cash Balance		0	0	0			
Revenues							
Expenditures			64,763	190,313	244,924		
Transfers							
List each net transfer in/out/ or projection in/out; list each account number							
			from S-16-211	From S-17-211	From S-18-211		
			64,763	190,313	244,924		
Net Total Transfers	0	0	64,763	190,313	244,924	0	0
Ending Cash Balance	0	0	0	0	0	0	0
Encumbrances							
Unencumbered Cash Balance	0	0	0	0	0	0	0

Additional Information:

Amount Req. by Bond Covenants							
Amount from Bond Proceeds							
Amount Held in CODs, Escrow Accounts, or Other Investments							